

**ANNUAL REPORT
OF THE
MISSOURI AGRICULTURAL AND
SMALL BUSINESS DEVELOPMENT AUTHORITY**

EXECUTIVE SUMMARY

The Missouri Agricultural and Small Business Development Authority (MASBDA) was created by the Missouri General Assembly in 1981 as an independent political and corporate body of the state of Missouri (RSMo 348). Its purpose is to promote the development of agriculture and small business and to reduce, control, and prevent environmental damage in Missouri by providing additional sources of financing. The authority accomplishes this by issuing agricultural development bonds, tax-exempt small issue bonds, guarantees on loans to livestock producers and direct loans for animal waste treatment systems. Additionally, the authority administers a grant program and tax credit programs related to new generation cooperatives and value-added agricultural projects, breeding livestock, and increased beef production.

MASBDA is governed by a bipartisan commission whose seven members are appointed by the governor with the consent of the Senate. The director of the Department of Agriculture also serves as an ex-officio member. Members serve a five-year term or until a reappointment is made. Members may be reappointed, but can serve no more than two consecutive full terms. No more than four members may be of the same political party. Commission members approve all bond issues, loans, loan guarantees, grants, and tax credits. Business is conducted through monthly board meetings. Special meetings are held as needed.

The commissioners elect their own officers and have the authority to appoint staff. Kelly Forck serves as chair, and Karisha Devlin as vice-chair, and David H. Meyer served as secretary and executive director until May 2017.

PROGRAM SUMMARY

Following is a description of activities for the various programs offered by the authority.

Beginning Farmer Loan Program

Beginning farmers can receive loans from commercial lenders on an average of 20 to 30 percent below conventional rates through this program. The reduced rates are made possible by tax-exempt bonds issued by MASBDA and issued to commercial lenders. Lenders, in turn, pass the savings derived from the tax-exempt bonds to beginning farmers in the form of lower interest rates. Bonds issued by the authority, including those used to fund beginning farmer loans, do not constitute a debt, liability or obligation of the state or of any political subdivision. The State of Missouri is not obligated to pay debt service on any bonds issued, and neither the faith and credit nor the taxing power of the State of Missouri is pledged to the payment of principal, redemption premium and interest on the bonds or other financing instruments. A qualified beginning farmer can borrow up to \$524,200 to buy agricultural land, farm buildings, farm equipment and breeding livestock. More than \$47.4 million in beginning farmer loans have been approved by MASBDA since its inception. During this past year, \$1,931,768 tax-exempt bonds were issued.

Animal Waste Treatment System Loan Program

Livestock producers are able to secure direct loans from MASBDA for animal waste treatment systems. Loans can be made for up to 10 years at fixed interest rates (currently at 5.02%). Loan proceeds may generally be used for financing waste facilities and equipment as approved by the Department of Natural Resources. A total of \$1,000,000 has been set aside for the Animal Waste Treatment System Loan Program. There were no loans made in this fiscal year.

Single-Purpose Animal Facilities Loan Guarantee Program

The Single-Purpose Animal Facilities Loan Guarantee Program is designed to provide banks and other lenders with a 50 percent first-loss guarantee on loans of up to \$250,000 for up to 10 years. Independent livestock producers may use the loans to finance, refinance or restructure breeding or feeder livestock, earthworms, land, buildings, facilities, equipment, machinery and animal waste systems for producing poultry, swine, beef and dairy cattle or other livestock. Borrowers who qualify for the guaranteed livestock loan may also qualify for a reduced interest loan through the Missouri Linked Deposit Program administered by the state treasurer's office. There was one (1) guarantee this fiscal year on a loan totaling \$40,000.

Missouri Value-Added Grant Program

The further processing of Missouri's agricultural products holds hope for the sustainability and profitability of many of Missouri's farmers. The Missouri Value-Added Grant Program is intended to help producers fund feasibility studies, business plans, marketing plans and similar activities for projects that add value to agricultural products and will positively impact a rural Missouri community. Eleven (11) grants were awarded this fiscal year totaling \$815,009.90.

Missouri Value-Added *Farm to Table* Grant Program

The Missouri Value-Added “*Farm to Table*” Grant Program provides funding for Missouri businesses to access resources for accessing and processing locally grown agricultural products for use in institutions within the state. Grant applications will be considered from small businesses for resources including, but not limited to such items as coolers, washing/bagging/packing equipment, and professional services such as Good Agricultural Practices/Good Handling Practices (GAP/GHP) and Hazard Analysis and Critical Control Analysis (HACCP) plan development. Two (2) grants were awarded this fiscal year totaling \$88,857.10.

Missouri Value-Added Loan Guarantee Program

Modeled after the Single-Purpose Animal Facilities Loan Guarantee Program, the Missouri Value-Added Loan Guarantee Program provides up to a 50% first-loss guarantee on loans not to exceed \$250,000 that lenders make for the purpose of an agricultural business development loan. The maximum guarantee is 10 years.

The program is intended to create new economic activity by creating or retaining jobs. Loans guaranteed by the value-added loan guarantee program can be used to finance agricultural property, which includes land, buildings, structures, improvements, and equipment used for the purpose of processing, manufacturing, marketing, exporting or adding value to an agricultural product. Loans may also be guaranteed to buy stock in a new generation processing entity that processes an agricultural product.

Borrowers qualifying for a guarantee through the Missouri Value-Added Loan Guarantee Program may also qualify for a reduced interest loan through the Missouri Linked Deposit Program administered by the state treasurer’s office. One (1) guarantee was issued this fiscal year in the amount of \$200,000.

New Generation Cooperative Incentive Tax Credit

The purpose of this tax credit is to induce private investment in new generation cooperatives, which will process Missouri agricultural commodities and agricultural products into value-added goods, provide substantial benefit to Missouri’s agricultural producers, and create jobs for Missourians.

Members investing in an eligible new generation cooperative may receive state tax credits equal to the lesser of 50% of the member’s cash investment in the new generation cooperative, or \$15,000; members investing in a project may not receive tax credits totaling more than \$1,500,000. Except that members investing in an “Employee Qualified” project may not receive tax credits totaling more than \$3,000,000. In fiscal year 2017, 488 producer members investing \$7,970,000 in eligible new generation cooperatives received \$2,375,283.79 in New Generation Cooperative Incentive Tax Credits.

Tax credits may be claimed against state tax liability pursuant to Chapter 143 (income tax, except for sections 143.191 to 143.265, RSMo); Chapter 147 (corporation franchise tax); and Chapter 148 (financial institution tax). The tax credits may be used by their owner to offset eligible quarterly tax liabilities. Credits may be carried forward to any of the subsequent four (4) tax years after the investment is made. The tax credits may be transferred, sold, or assigned. Delinquent taxes, or interest and penalties on such taxes will be deducted from the eligible tax credit amount prior to issuance.

A total of \$6 million is allocated each fiscal year to the New Generation Cooperative Incentive Tax Credit and Agricultural Product Utilization Contributor Tax Credit Programs. Credits not issued by May 1 to an eligible new generation cooperative or processing entity as New Generation Cooperative Incentive Tax Credits may be issued to contributors as Agricultural Product Utilization Contributor Tax Credits.

Agricultural Product Utilization Contributor Tax Credit

The authority may provide Agricultural Product Utilization Contributor Tax Credits to a person, partnership, corporation, trust, limited liability company, or other entity who contributes cash to the authority. The contribution will be used for financial or technical assistance to rural agricultural business concepts as approved by the authority. These tax credits are awarded at the approval of the authority based on the least amount of credits necessary to provide incentive for the contributions.

The contributor receiving a tax credit cannot be a member, owner, investor, or lender of an eligible new generation cooperative that receives financial assistance from the authority at the time the contribution is made or an eligible new generation cooperative that receives financial assistance for a period of two years after the contribution is made.

Tax credits may be claimed against state tax liability pursuant to Chapter 143 (income tax, except for sections 143.191 to 143.265, RSMo); Chapter 147 (corporation franchise tax); and Chapter 148 (financial institution tax). The tax credits may be used by their owner to offset eligible quarterly tax liabilities. Credits may be carried forward for up to four (4) years. Credits may be assigned, transferred or sold. This fiscal year \$2,929,409.26 in contributions were received with 156 tax credits being issued in the amount of \$2,907,845.84.

A total of \$6 million is allocated each fiscal year to the New Generation Cooperative Incentive Tax Credit and Agricultural Product Utilization Contributor Tax Credit Programs. Credits not issued by May 1 to an eligible new generation cooperative or processing entity as New Generation Cooperative Incentive Tax Credits may be issued to contributors as Agricultural Product Utilization Contributor Tax Credits.

Family Farm Breeding Livestock Loan Program

The program provides Missouri tax credits to lenders in lieu of the first year interest being paid on breeding livestock loans made to “small farmers” who are Missouri residents and who have less than \$250,000 in gross agricultural product sales per year.

Maximum eligible loan cannot exceed 90% of the cost of purchasing breeding livestock. Each small farmer shall be eligible for only one family farm livestock loan per immediate household family and only one type of livestock. Twenty-nine (29) farmers have taken advantage of this program this fiscal year, with a total of \$70,892.19 in tax credits being issued.

Tax credits may be claimed against state tax liability pursuant to Chapter 143 (income tax, except for sections 143.191 to 143.265, RSMo); Chapter 147 (corporation franchise tax); and Chapter 148 (financial institution tax). The tax credits may be used by their owner to offset eligible quarterly tax liabilities. Credits may be carried forward for up to three (3) years. Credits may be assigned, transferred or sold.

Qualified Beef Tax Credit Program

The program provides an incentive for Missouri farmers to background and/or finish cattle in the state who add a minimum of 100 pounds of gain past an established baseline weight. The program provides a 10 cents per pound tax credit for each pound of gain for cattle weighing 599 lbs or less; or a 25 cents per pound tax credit for each pound of gain for cattle weighing 600 lbs or more. All cattle must be born and raised in the state of Missouri to receive the tax credit. Maximum amount of tax credit issued per year is \$15,000 per farmer.

Tax credits may be claimed against state tax liability pursuant to Chapter 143 (income tax, except for sections 143.191 to 143.265, RSMo); Chapter 147 (corporation franchise tax). Credits may be carried forward for up to four (4) years. A total of \$2 million in tax credits are available per calendar year, subject to budgetary constraints, for the Qualified Beef Tax Credit Act and the Meat Processing Facility Investment Tax Credit Act. Credits may be assigned, transferred or sold. Eight (8) tax credits were issued this fiscal year totaling \$79,002.33.

Meat Processing Facility Investment Tax Credit Program

The Meat Processing Facility Investment Tax Credit was enacted to stimulate investment in the meat processing industry in Missouri and to capture more value added agricultural inputs in the state. Meat processing facilities located in Missouri that construct, improve, or acquire buildings, facilities, or equipment used exclusively for meat processing after January 1, 2017 are eligible for a Missouri tax credit equal to 25% of the costs of the project. The total amount of tax credits that any taxpayer may claim shall not exceed \$75,000 per year. A total of \$2 million in tax credits are available per calendar year, subject to budgetary constraints, for the Qualified Beef Tax Credit Act and the Meat Processing Facility Investment Tax Credit Act. No tax credits have been issued this fiscal year.

Missouri Dairy Revitalization Act of 2015

The Missouri Dairy Revitalization Act authorizes an annual appropriation from general revenue into the Missouri Dairy Industry Revitalization Fund, created by the passage of House Bill 259 during the 2015 Missouri legislative session. Moneys appropriated from the general revenue fund shall not exceed forty percent (40%) of the estimated sales tax revenue generated in the state from the sale of dairy products during the preceding fiscal year, and shall be expended in the following order of priority:

First, to the **Dairy Producer Margin Insurance Premium Assistance Program** which, subject to appropriation, will assist Missouri dairy farmers with the cost of participation in the federal Margin Protection Program created in the federal Farm Bill of 2014. This program allows Missouri dairy farmers who participate in the federal margin protection program to apply to MASBDA for reimbursement of 70 percent of their federal premium.

Second, to the **Missouri Dairy Scholars Scholarship Program** to encourage more young people to pursue careers in agriculture in Missouri. Subject to annual budget appropriation, the program establishes up to 40 scholarships in the amount of \$5,000 each, for eligible students in an agriculture-related degree program at a two-year or four-year college or university in Missouri who make a commitment to work in the agriculture industry in Missouri as a condition of receiving such scholarship.

Third, to the **Commercial Agriculture Program at the University of Missouri**, subject to appropriation, for activities authorized in the Missouri Dairy Revitalization Act.

In FY 2017, the Missouri Governor appropriated funds of \$200,000 only for Missouri Dairy Scholars Scholarship Program. Fourteen (14) scholarships were awarded this fiscal year totaling \$70,000

Eligible Facility Borrower Program

This program determines eligibility for the Missouri Linked Deposit Program as an "Eligible facility borrower", which is either a development facility or renewal fuel production facility borrower consisting of not less than twelve producer members in which producer members:

1. Hold a majority of the governance or voting rights of the entity and any governing committees;
2. Control the hiring and firing of management; and
3. Deliver agricultural commodities or products to the entity for processing, unless processing is required by multiple entities;

No program activity this year.

Livestock Feed and Crop Input Loan Guarantee Program

This program provides a 50% first loss guarantee on loans made for livestock feed or crop inputs used to produce livestock feed thus encouraging lenders to continue to make loans to farmers for livestock feed and feed crops on competitive terms. There were no guarantees issued this fiscal year.

Missouri Rural Economic Stimulus Act “MoRESA”

The Missouri Downtown and Rural Economic Stimulus Act provides a State Rural Development Financing Program that permits municipalities with qualifying projects to request that specified net new state tax revenues be used to supplement local revenues for payment of development project costs. The revenues available under that State Rural Development Financing Program are required to be used; to supplement payments in lieu of taxes, economic activity taxes, and other local funds committed by the municipality. No program activity this year.

Dairy Business Planning Grant

This program provides Missouri dairies an opportunity to expand by providing business planning grants to aid them in determining the feasibility of the planned expansion. The grants provide up to 90% of the cost of the business plan, and the maximum grant is \$5,000. This program has not been funded.

Dairy Cow Loan Program

The goal of the Dairy Cow Loan Program is to facilitate the expansion of Missouri dairy operations by paying the first year's interest on any Missouri linked deposit loans made for the purchase of dairy cows or other replacement dairy females. This program has not been funded.

Board of Commissioners

Kelly Forck, Chairman
Jefferson City, Missouri
Term expires: June 30, 2011

Karisha Devlin, Vice-Chairman
Edina, Missouri
Term expires: June 30, 2015

Morris Heitman, Member
Mound City, Missouri
Term expires: June 30, 2015

Sherry S. Jones, Member
Dawn, Missouri
Term expires: June 30, 2011

Billy Thiel, Member
Marshall, Missouri
Term expires: June 30, 2019

Robert Culler, Member
Hayti, Missouri
Term expires: June 30, 2014

Jason Bean, Member
Holcomb, MO
Term expires: June 30, 2018

Chris Chinn, Ex-Officio Member
Jefferson City, Missouri
Statutory member

Staff

David H. Meyer, Secretary
Executive Director
Until May 2017

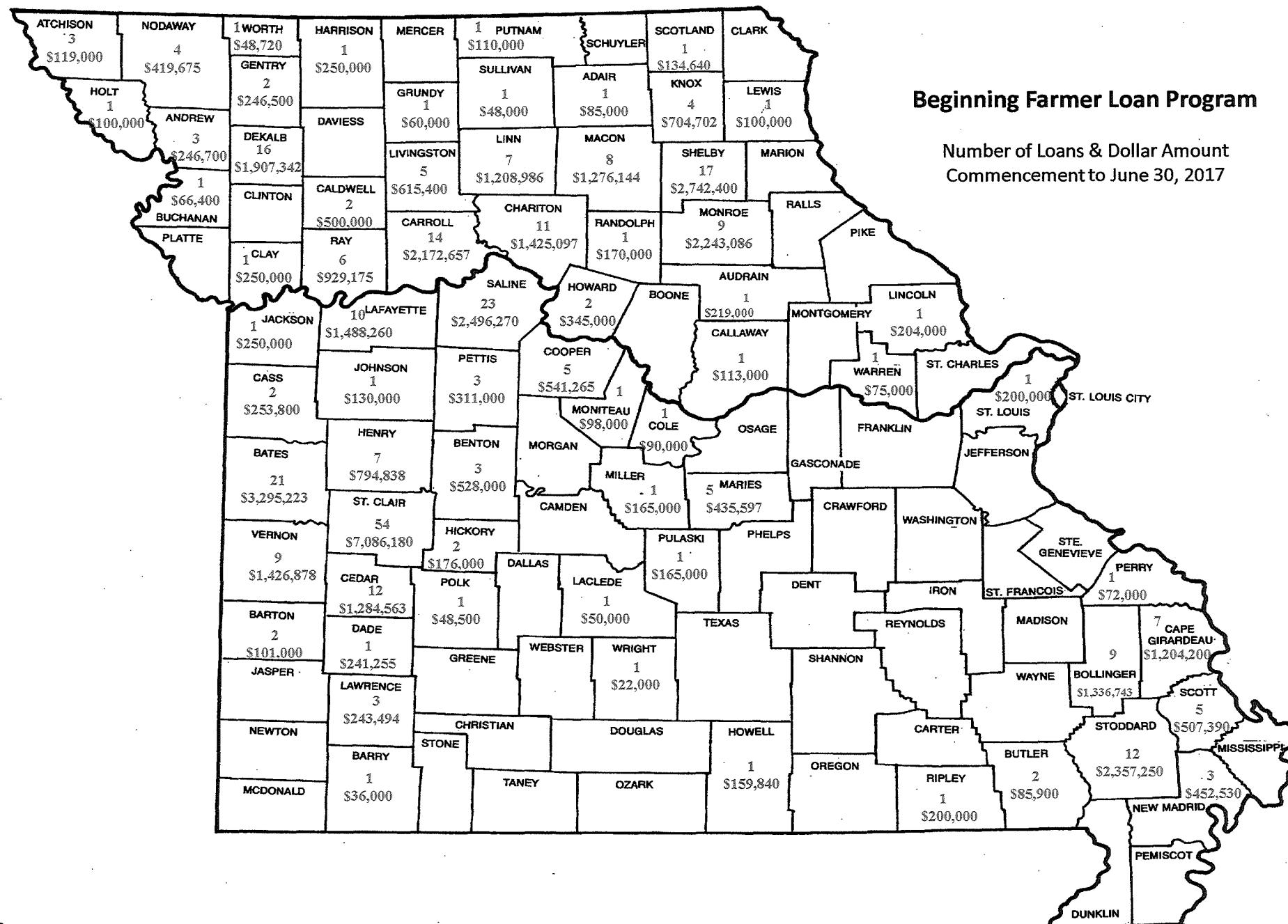
Danielle Weed
Accounting Generalist II

Shawn Inglis
Agricultural Loan Officer

Marla Young
Planner II

Vacant
Agricultural Loan Officer

Wanda Ferrell
Senior Office Support Assistant



BEGINNING FARMER LOAN PROGRAM

Tax-exempt Bond Financing

July 1, 2016 - June 30, 2017

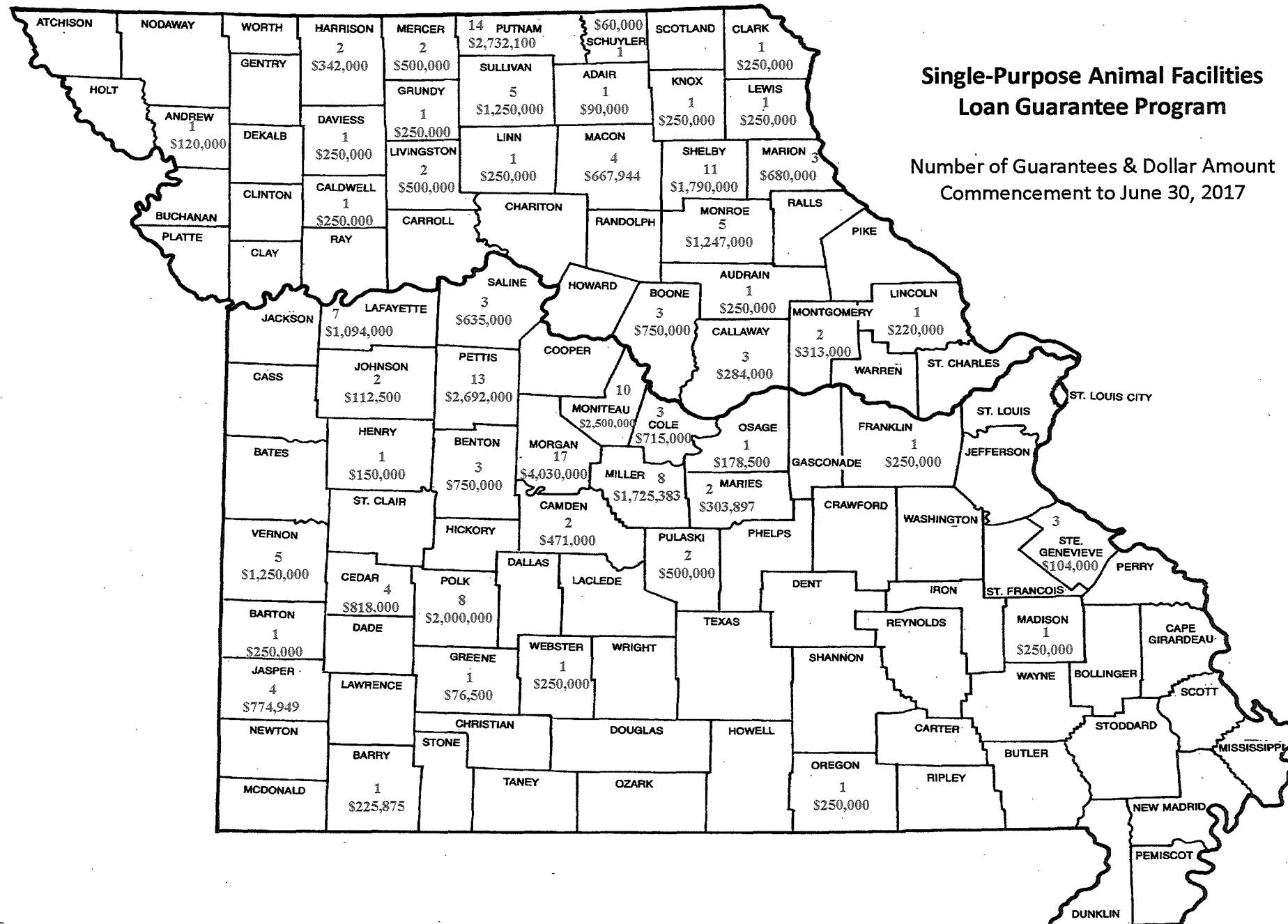
Project Number	Loan Amount	Issue Date	Maturity Date	County
401	\$112,500.00	9/22/2016	9/22/2036	Lafayette
402	\$103,500.00	7/15/2016	7/15/2046	St. Clair
403	\$148,263.00	10/11/2016	12/15/2046	Vernon
404	\$219,000.00	12/1/2016	12/1/2046	Audrain
405	\$112,500.00	12/2/2016	12/2/2041	Monroe
406	\$137,500.00	12/1/2016	12/1/2046	Macon
407	\$210,180.00	3/1/2017	3/1/2047	St. Clair
408	\$155,000.00	3/3/2017	3/3/2047	St. Clair
409	\$59,225.00	4/25/2017	4/25/2047	Chariton
410	\$150,100.00	6/1/2017		St. Clair
411	\$524,000.00	6/1/2017		St. Clair
Total:		\$1,931,768.00		



ANIMAL WASTE TREATMENT SYSTEM LOAN PROGRAM

July 1, 2016 - June 30, 2017

Loan Number	Loan Amount	Origination Date	Maturity Date	County
Total:	\$0.00			



SINGLE-PURPOSE ANIMAL FACILITIES LOAN GUARANTEE PROGRAM

July 1, 2016 - June 30, 2017

Guarantee Number	Total Project Cost	Eligible Loan Amount	Guarantee Amount	Issue Date	Maturity Date	County
198	\$40,000.00	\$40,000.00	\$20,000.00	September 2 2016	9/2/2017	Ste Genevieve
Total:	\$40,000.00	\$40,000.00	\$20,000.00			

Missouri Value-Added Grant Program

Number of Grants & Dollar Amount
Commencement to June 30, 2017



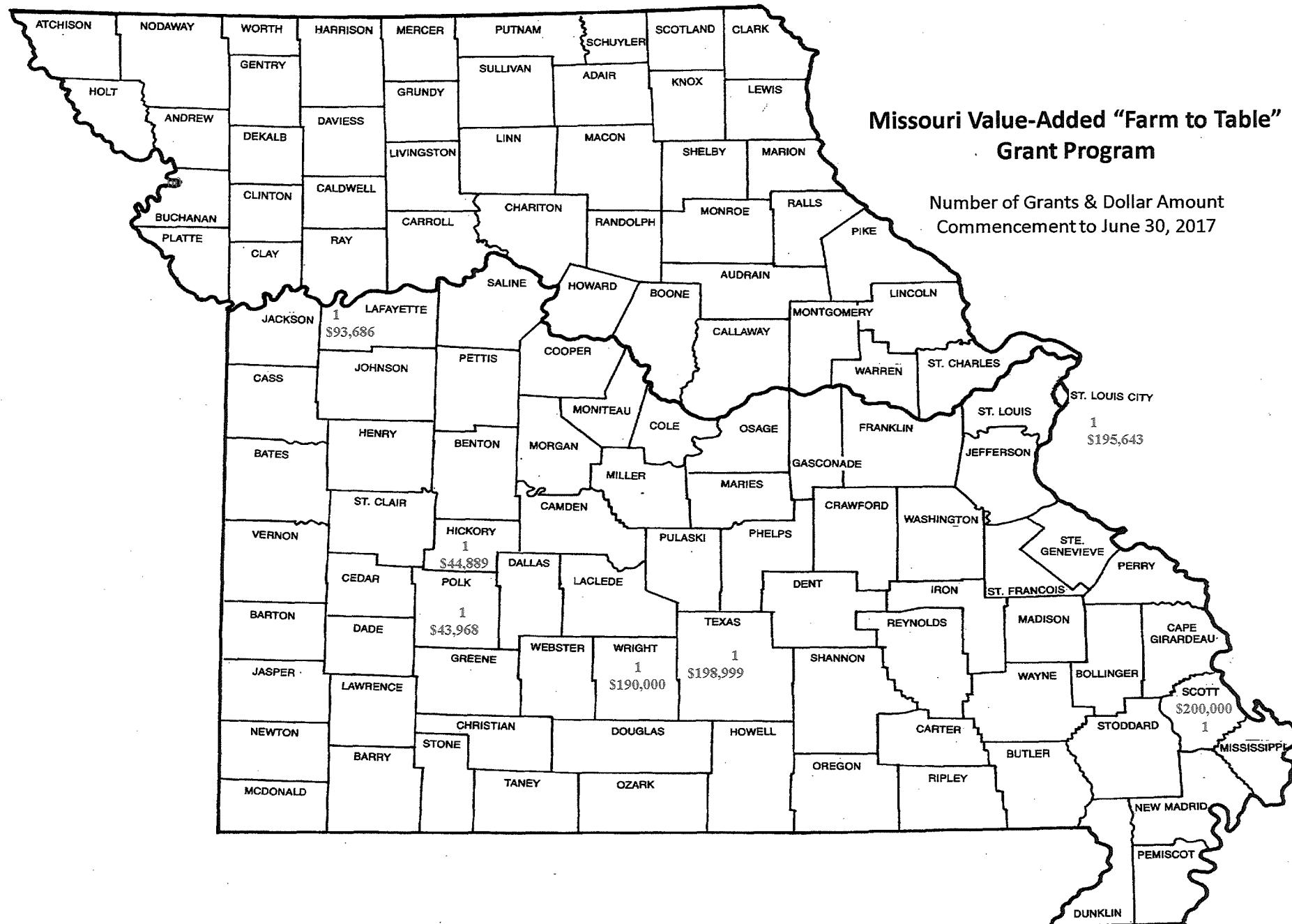
MISSOURI VALUE-ADDED GRANT PROGRAM

July 1, 2016 - June 30, 2017

Project Number	Grant Amount	Date Grant Awarded	County of Project
17 - 527	\$81,000.00	6/15/2016	Statewide
-			
-			
17 - 536	\$19,433.70	2/15/2017	Stoddard
17 - 537	\$41,250.00	2/15/2017	New Madrid
17 - 538	\$44,000.00	2/15/2017	Ray
17 - 539	\$20,900.00	2/15/2017	Dent
17 - 543	\$24,651.00	2/15/2017	Polk
17 - 547	\$89,325.50	2/15/2017	Saline
17 - 549	\$44,550.00	2/15/2017	Wright
17 - 551	\$50,000.00	2/15/2017	Audrain
17 - 552	\$200,000.00	2/15/2017	Audrain
17 - 554	\$199,899.70	2/15/2017	Cole
Total:	\$815,009.90		

Missouri Value-Added "Farm to Table" Grant Program

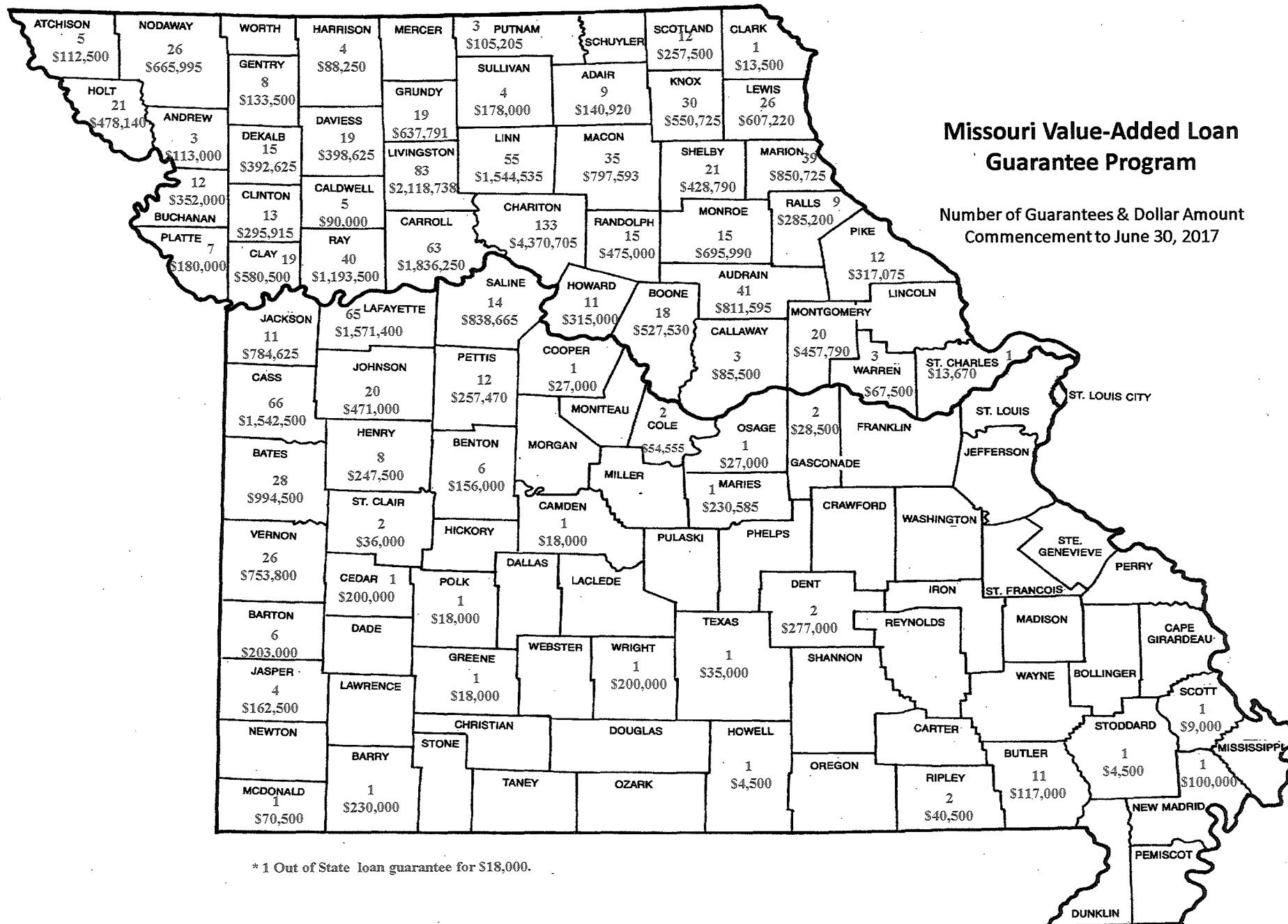
Number of Grants & Dollar Amount
Commencement to June 30, 2017



MISSOURI VALUE-ADDED 'FARM TO TABLE' GRANT PROGRAM

July 1, 2016 - June 30, 2017

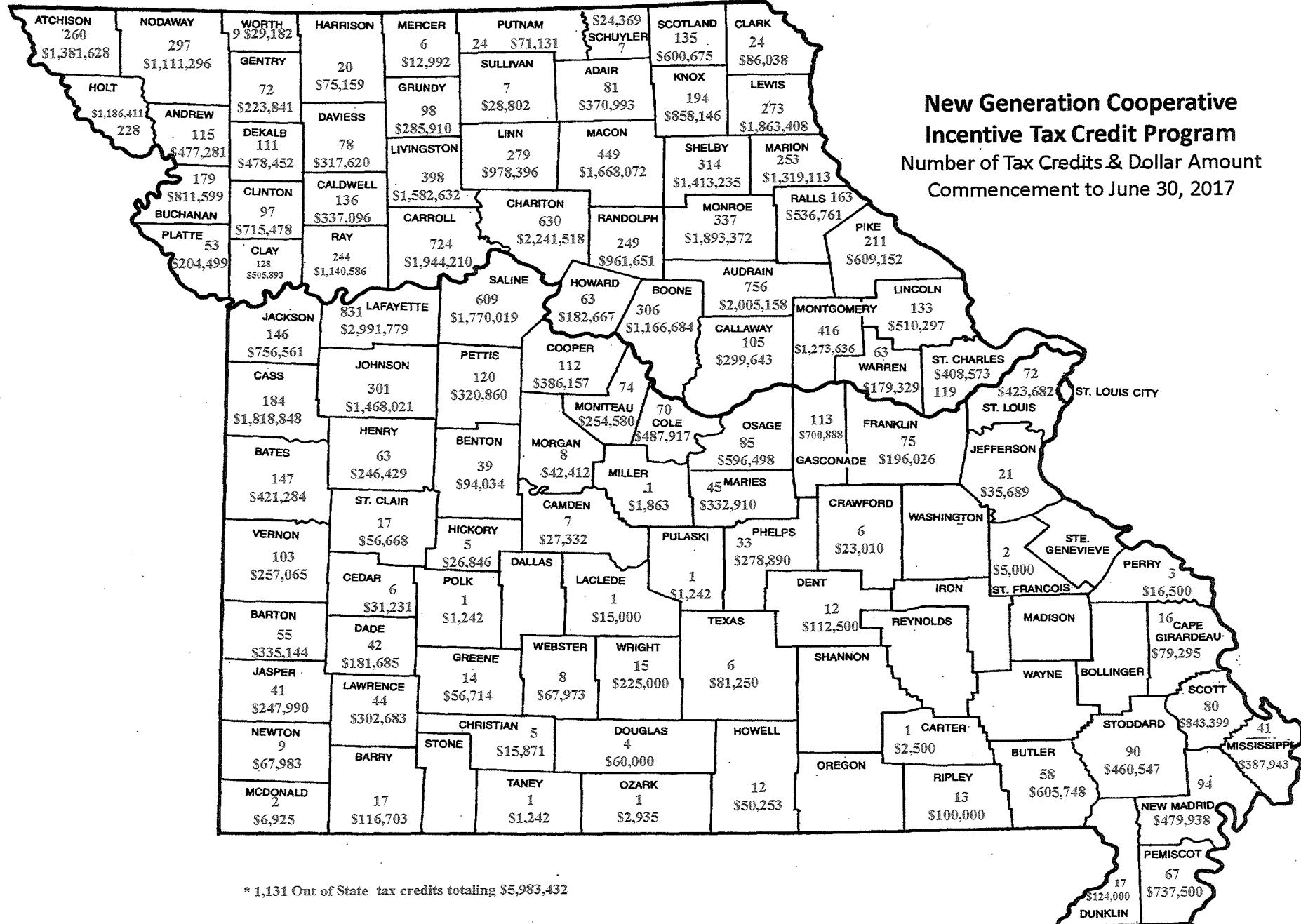
Project Number	Grant Amount	Date Grant Awarded	County of Project
17 - 530	\$44,889.00	12/14/2016	Hickory
17 - 531	\$43,968.10	12/14/2016	Polk
Total:	\$88,857.10		



MISSOURI VALUE-ADDED LOAN GUARANTEE PROGRAM

July 1, 2016 - June 30, 2017

Guarantee Number	Project Cost	Loan Amount	Guarantee Amount	Issue Date	Maturity Date	County
1520	\$200,000.00	\$200,000.00	\$100,000.00	May 19	2017	5/19/2027
Totals:	\$200,000.00	\$200,000.00	\$100,000.00			



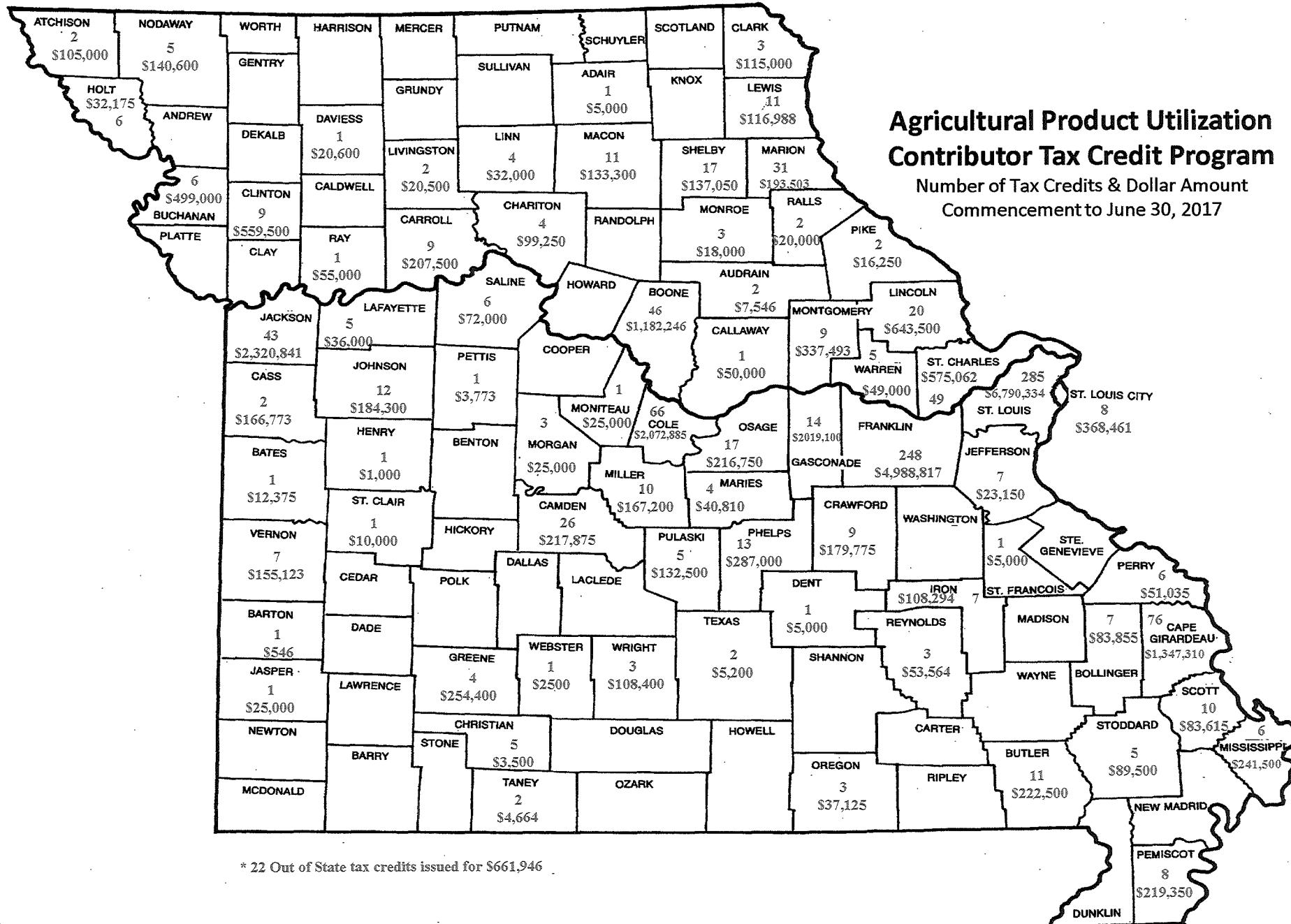
NEW GENERATION COOPERATIVE INCENTIVE TAX CREDIT PROGRAM

July 1, 2016 - June 30, 2017

Number of Tax Credit(s)	Total Tax Credit Amount(s)	County
1	\$1,923.74	ADAIR
2	\$1,923.74	ATCHISON
1	\$2,885.60	BOONE
26	\$390,000.00	BUTLER
13	\$28,907.36	CALDWELL
87	\$261,588.39	CARROLL
1	\$1,923.74	CASS
65	\$214,773.49	CHARITON
16	\$55,236.84	CLAY
2	\$5,104.31	CLINTON
2	\$7,323.02	COLE
2	\$4,616.97	COOPER
1	\$1,923.74	DADE
2	\$5,771.21	DAVIESS
2	\$5,424.93	DEKALB
3	\$45,000.00	DUNKLIN
13	\$35,050.46	GRUNDY
3	\$11,426.97	HOWARD
2	\$4,463.07	JACKSON
17	\$231,334.67	JOHNSON
29	\$69,412.56	LAFAYETTE
34	\$103,343.08	LINN
49	\$147,662.54	LIVINGSTON
9	\$21,468.18	MACON
1	\$2,885.60	MARION
2	\$17,852.25	MONROE
6	\$90,000.00	NEW MADRID
1	\$2,539.33	OSAGE
4	\$11,542.42	PETTIS
4	\$25,849.87	RANDOLPH
39	\$140,922.59	RAY
23	\$60,687.45	SALINE
24	\$359,116.39	SCOTT
1	\$2,859.95	SHELBY
1	\$2,539.33	VERNON
488	\$2,375,283.79	

Agricultural Product Utilization Contributor Tax Credit Program

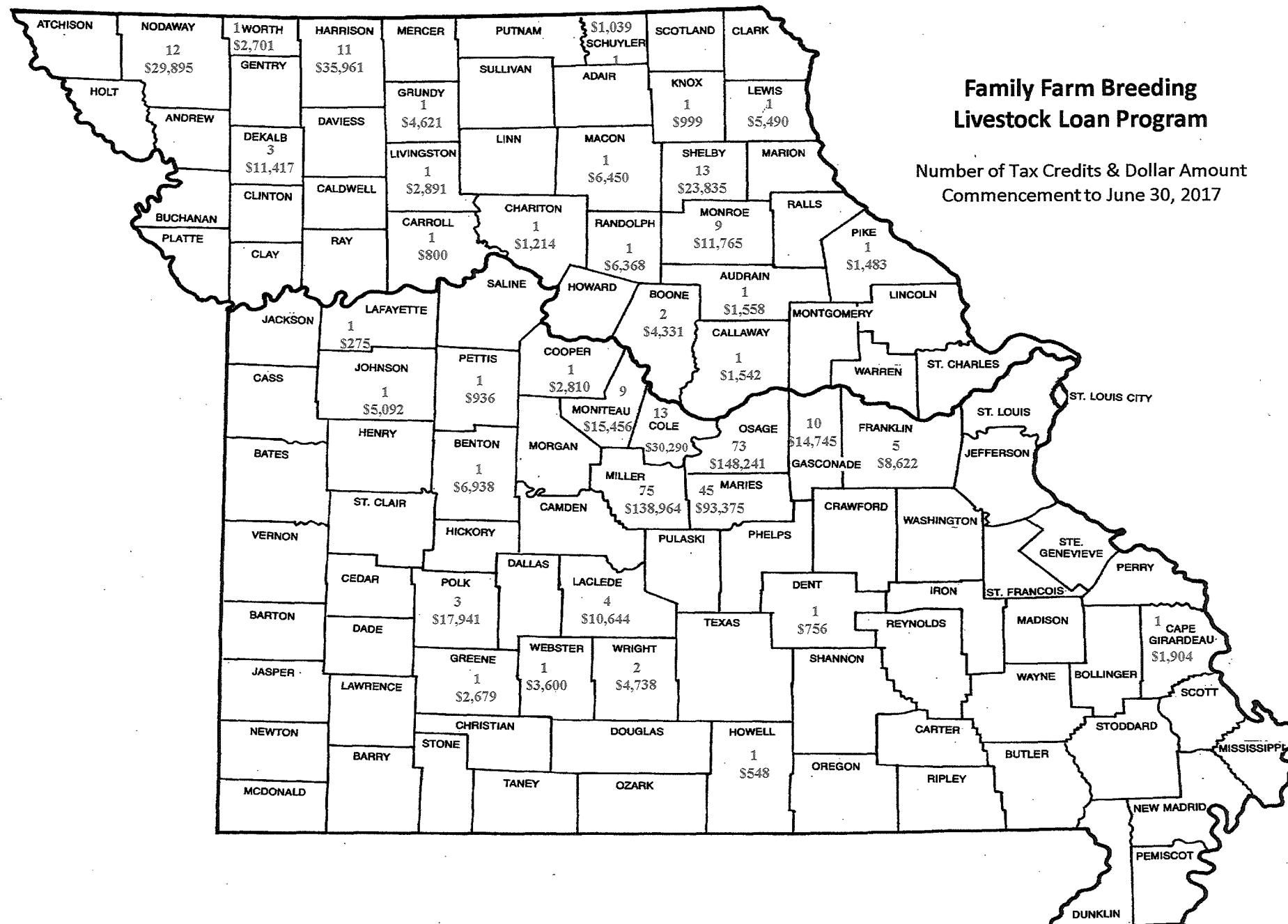
Number of Tax Credits & Dollar Amount Commencement to June 30, 2017



AGRICULTURAL PRODUCT UTILIZATION CONTRIBUTOR TAX CREDIT PROGRAM

July 1, 2016 - June 30, 2017

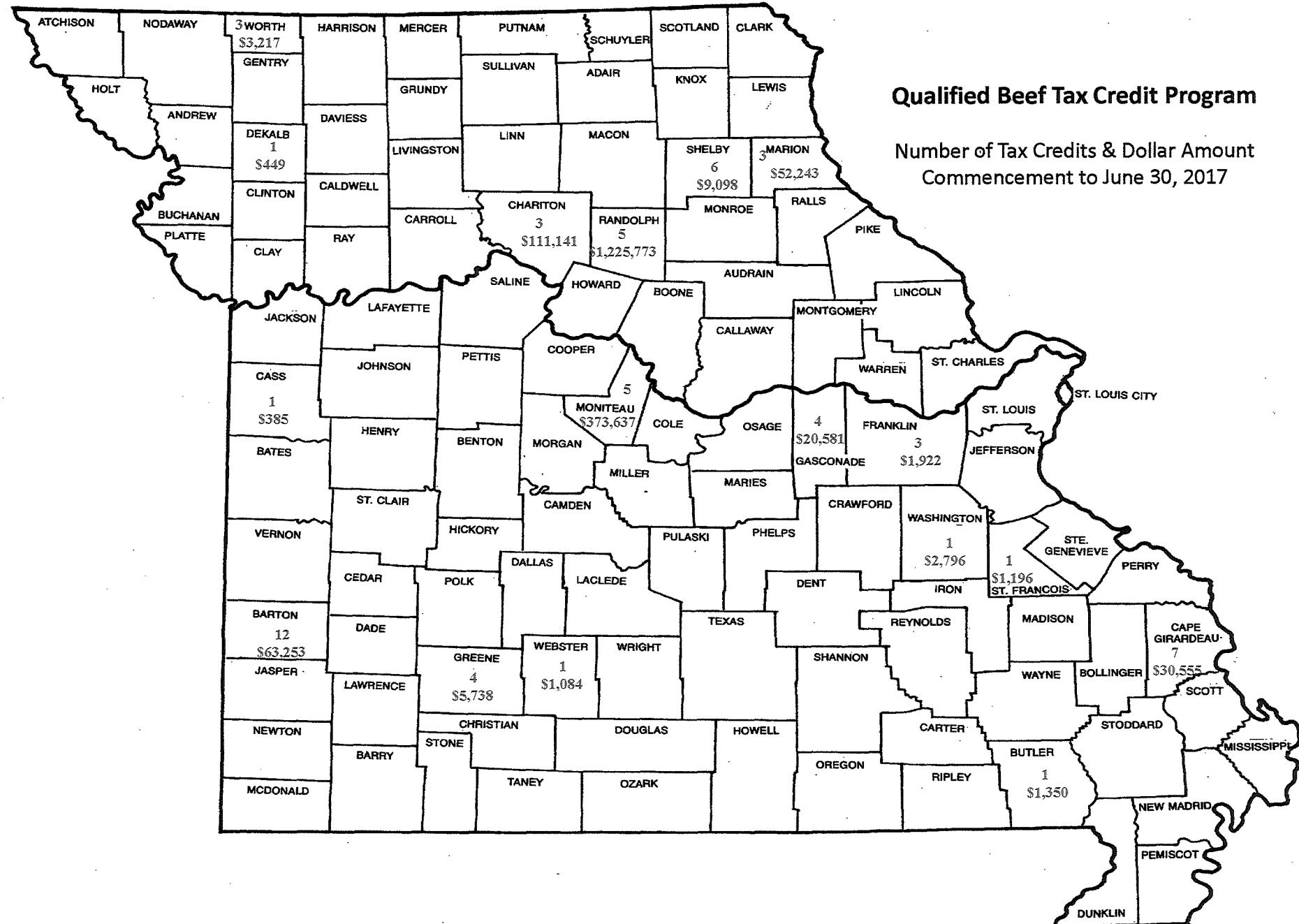
Number of Tax Credit(s)	Total Amount of Contribution(s)	Total Tax Credit Amount(s)	County
1	\$11,100.00	\$11,000.00	BOLLINGER
13	\$248,180.00	\$245,550.00	BOONE
2	\$30,600.00	\$30,000.00	CAMDEN
13	\$246,675.00	\$245,600.00	CAPE GIRARDEAU
1	\$10,250.00	\$10,000.00	CARROLL
1	\$50,500.00	\$50,000.00	CHARITON
1	\$100,000.00	\$90,000.00	CLINTON
11	\$387,440.00	\$384,200.00	COLE
23	\$300,927.98	\$300,927.98	FRANKLIN
1	\$15,000.00	\$15,000.00	GASCONADE
1	\$10,000.03	\$10,000.03	IRON
1	\$6,100.00	\$6,000.00	JEFFERSON
1	\$5,000.00	\$5,000.00	MACON
1	\$10,000.00	\$10,000.00	MARION
1	\$30,300.00	\$30,000.00	MILLER
1	\$10,000.00	\$10,000.00	MONTGOMERY
1	\$13,130.00	\$13,000.00	OSAGE
1	\$3,400.00	\$3,350.00	PERRY
1	\$70,000.00	\$70,000.00	PHELPS
1	\$30,600.00	\$30,000.00	SALINE
3	\$24,100.00	\$24,000.00	SCOTT
14	\$209,025.00	\$207,725.00	ST. CHARLES
56	\$1,056,620.66	\$1,056,032.24	ST. LOUIS
4	\$41,460.59	\$41,460.59	ST. LOUIS CITY
2	\$9,000.00	\$9,000.00	WARREN
156	\$2,929,409.26	\$2,907,845.84	



FAMILY FARM BREEDING LIVESTOCK LOAN PROGRAM

July 1, 2016 - June 30, 2017

Number of Tax Credit(s)	Tax Credit Amount	County
1	\$980.28	Boone
1	\$2,389.65	Harrison
6	\$17,964.60	Maries
7	\$19,702.67	Miller
1	\$688.77	Moniteau
13	\$29,166.22	Osage
29	\$70,892.19	



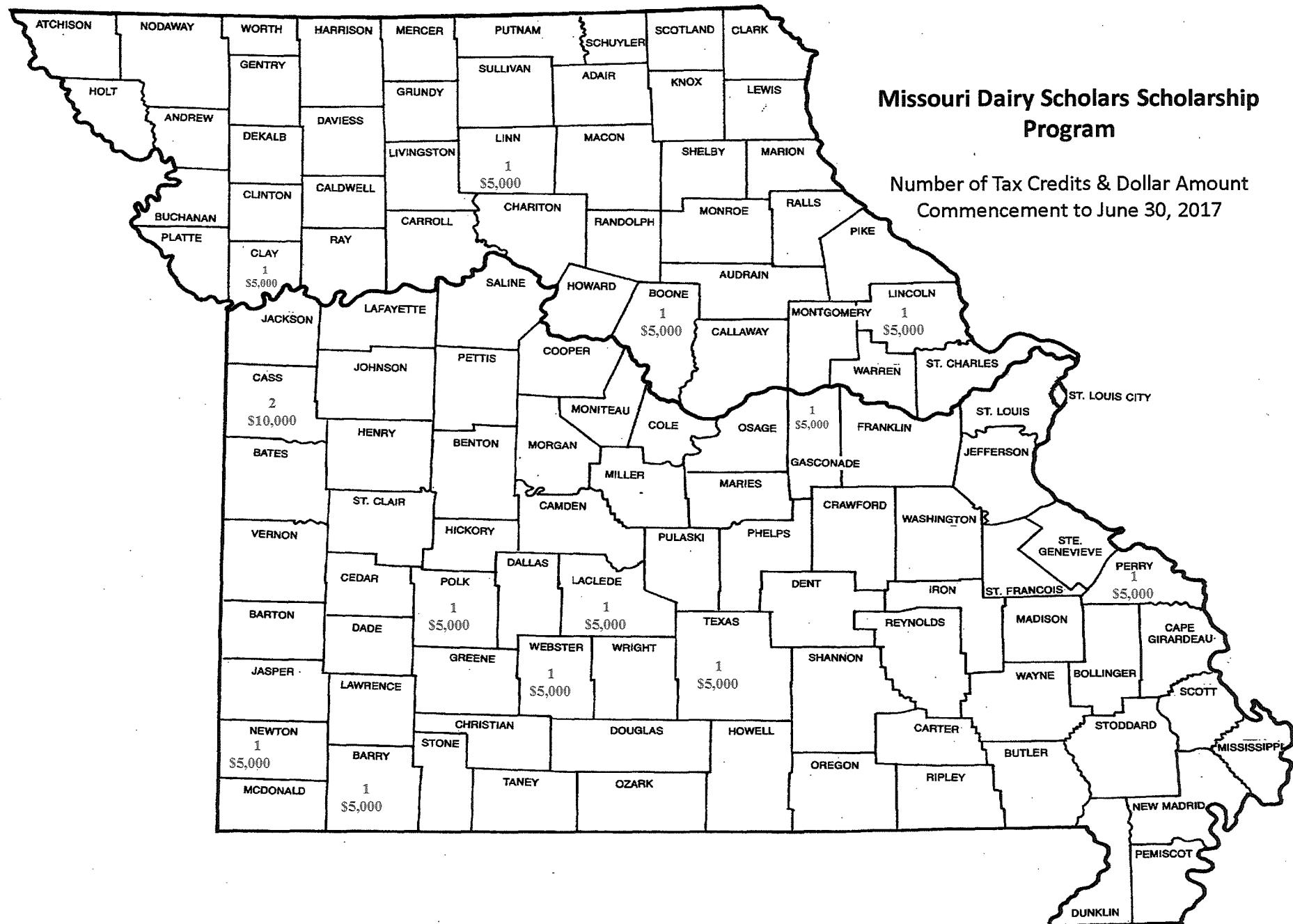
QUALIFIED BEEF TAX CREDIT PROGRAM

July 1, 2016 - June 30, 2017

Number of Tax Credit(s)	Amount of Issued Tax Credit	County
2	\$30,000.00	Barton
1	\$15,000.00	Chariton
1	\$608.70	Franklin
2	\$30,000.00	Moniteau
1	\$597.27	Shelby
1	\$2,796.36	Washington
Total:	\$79,002.33	

Missouri Dairy Scholars Scholarship Program

Number of Tax Credits & Dollar Amount
Commencement to June 30, 2017



MISSOURI DAIRY SCHOLARS SCHOLARSHIP PROGRAM

July 1, 2016 - June 30, 2017

Number of Scholarship(s) Awarded	Amount of Scholarship(s) Awarded	County
1	\$5,000.00	Barry
1	\$5,000.00	Boone
2	\$10,000.00	Cass
1	\$5,000.00	Clay
1	\$5,000.00	Gasconade
1	\$5,000.00	Laclede
1	\$5,000.00	Lincoln
1	\$5,000.00	Linn
1	\$5,000.00	Newton
1	\$5,000.00	Perry
1	\$5,000.00	Polk
1	\$5,000.00	Texas
1	\$5,000.00	Webster
14	\$70,000.00	